

FACT SHEET: SB 264

AUTHOR: SENATOR FRAN PAVLEY

ACCOUNTABLE CARE ORGANIZATIONS SERVICING MEDICARE BENEFICIARIES/CLINICAL LAB SERVICES

APRIL 1, 2013

THE PROBLEM

SB 264 is needed to ensure that Accountable Care Organizations (ACOs) can provide safe, appropriate and cost-effective clinical lab services to their patients.

Accountable Care Organizations (ACOs) are a new type of health care delivery organization created under federal law in 2010. They are (1) approved by the Centers for Medicare and Medicaid Services (CMS) under specific guidelines (2) enroll Medicare fee for service beneficiaries (3) coordinate the care among both Medicare Part A and Part B providers (Part A provides hospital services; Part B provides outpatient medical services 4) and participate in the Medicare Shared Savings Program (a pay for reporting and performance system).

The ACO is accountable for the quality, cost and overall care of the Medicare beneficiaries and other patients that belong to the ACO. (Beneficiaries of traditional or “fee-for service” Medicare have a standard benefit package that covers medically necessary care that members can receive from any participating hospital or doctor.

Currently, there is nothing in the ACO law that describes the mechanisms for determining the types of clinical lab services that are to be provided, frequency etc. Since clinical lab testing is a crucial diagnostic and treatment

evaluation tool, ACOs should have a process for determining appropriate availability and utilization. Every ACO should have the benefit of informed medical judgment that can be facilitated by the establishment and formalization of a Clinical Laboratory Advisory Board within the ACO organizational structure. SB 264 is needed to ensure that Accountable Care Organizations (ACOs) can provide safe, appropriate and cost-effective clinical lab services to their patients.

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is paid for the specific services that are provided.

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BACKGROUND

Accountable Care Organizations (ACOs) are now recognized in federal law as entities comprised of hospitals and physician networks or joint ventures of various types of providers that will establish a system of shared governance.

These ACOs are required to have in place a leadership and management structure that includes clinical and administrative systems that will incorporate measures to assess the quality of care. After two years, the ACO will have a shared savings system with Centers for Medicare and Medicaid Services (CMS) that will allow them to share any savings they accomplish through their coordination of providers, benchmarks for appropriate utilization of services in comparison to the typical costs for Medicare patients in the fee for service system as determined by CMS.

Though ACOs are created via federal law and must enroll a minimum number of Medicare

fee-for-service patients, they also can enroll and provide services to other patients and are likely to do so. There needs to be a mechanism in law to review and establish parameters for routine clinical lab testing, but even more so for advanced testing like genetic testing and biomarkers for cancer treatment and therapy. Many of the most prominent health care delivery models like the Mayo Clinic and Massachusetts General Hospital have a similar mechanism to establish and review clinical laboratory policies.

AUTHOR'S STATEMENT

Appropriate clinical lab testing is crucial to determine the health status of a patient in an effort to appropriately identify, diagnose, treat and prevent disease and other adverse health conditions. This bill ensures the establishment of clinical a laboratory testing advisory boards within newly formed Accountable Care Organizations that have been created to serve many Medicare beneficiaries and other patients.

Every ACO should have clear guidelines established by pathologists with the requisite medical expertise to help their colleagues within the ACO develop medically sound and cost-effective alaboratory testing protocols to be used by the ACO. The successful implementation of the Affordable Care Act is dependent upon creating health system structures that provide coordinated appropriate and cost-effective care for patients. The clinical lab advisory board established within ACOs by this legislation will provide the benefit of a pathologist's medical judgment.

SB 264 is intended to help eliminate inappropriate lab testing and ensure that patients with cancer and other serious diseases many of whom are seniors receive the best

clinical lab testing to provide an optimal health outcome.

THE SOLUTION

SB 264 would require an Accountable Care Organization (ACO) to establish a clinical laboratory testing advisory board to make recommendations to the ACO, related to diagnostics, disease management, pathology and appropriate use of testing.

The board shall have at least one physician and surgeon who is legally affiliated with the ACO and is a director of a clinical lab providing services to the ACO.

The Advisory Committee would only recommend protocols, and the ACO is not bound to follow them.

One of the concerns with any form of managed care is that clinicians and their patients have access to appropriate clinical lab testing. This Committee would provide the pathologist physician expertise in evaluating testing protocols to ensure better outcomes.

SPONSOR

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